



# Division of Tourism



## Annual Report FY02



# A Note from the Chairman

## Missouri Tourism Commission



**Louis P. Hamilton**  
chairman, St. Louis

As chairman of the Missouri Tourism Commission, I am pleased and privileged to report to you on the state of Missouri's tourism and hospitality industry.

The business of tourism continues to be both a major engine that drives the economy of our state and nation, and an industry struggling to emerge from the compounded challenges created by terrorism and a faltering economy.

Missouri tourism has weathered a difficult budget year and a soft economy, emerging as a national leader in tourism promotion. In December 2002, the Missouri Division of Tourism reported several noteworthy accomplishments:

- Domestic person trips in Missouri increased 5.4 percent during FY02, while visitation to most other Midwestern states remained flat.
- Revenues from tourism also increased during FY02, bringing in nearly \$126 million more in taxable sales revenues as compared to the previous year.
- Visitation to the state's Welcome Centers was up and many visitors reported traveling closer to home.

We applaud the contributions and accomplishments of the tourism industry, as reflected in this Annual Report for the fiscal year ending June 30, 2002. Along with the rest of the country, we were shaken by the events of Sept. 11, 2001. As we sought ways to recover from these events and bolster Missouri's travel economy, a new marketing campaign targeting Missourians was unveiled in October 2001. This in-state campaign was an aggressive effort to promote our state's exciting destinations to Missourians.

As we enjoyed the success of the in-state campaign, the out-of-state campaign also was carefully evaluated to determine which markets would be most receptive to Missouri's advertising message. The advertising and marketing efforts undertaken proved highly successful, as noted in the statistics above.

Significantly, our efforts have recently been recognized by both national and international experts in the tourism industry. Last fall, Missouri received the Odyssey Award from Travel Industry Association of America for our international marketing campaign. In January 2003, we were awarded tourism's prestigious Gold Adrian from the Hospitality Sales and Marketing Association International.

Given the challenges of today, these awards and our impressive numbers reflect well on our professional staff, consultants and our industry partners. We look forward to the future with renewed energy and vision. Under the bipartisan leadership of the Missouri Tourism Commission, and in cooperation with local tourism bureaus and marketing partners in every part of the state, your Division of Tourism is proud to share Missouri's heritage, culture, natural beauty and myriad attractions to a growing and increasingly diverse audience.

We appreciate the support shown to the Missouri Tourism Commission, and look forward to the continued success of our partnership with you as we enter a new travel season.

Sincerely,

**Louis P. Hamilton**  
Chairman



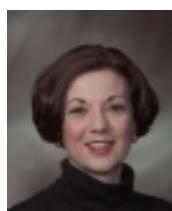
**Sen. Charles Gross**  
St. Charles



**Sen. James L. Mathewson**  
Sedalia



**E. Gail McCann Beatty**  
Kansas City



**Raeanne Presley**  
Branson



**Peter Brown**  
Lake Ozark

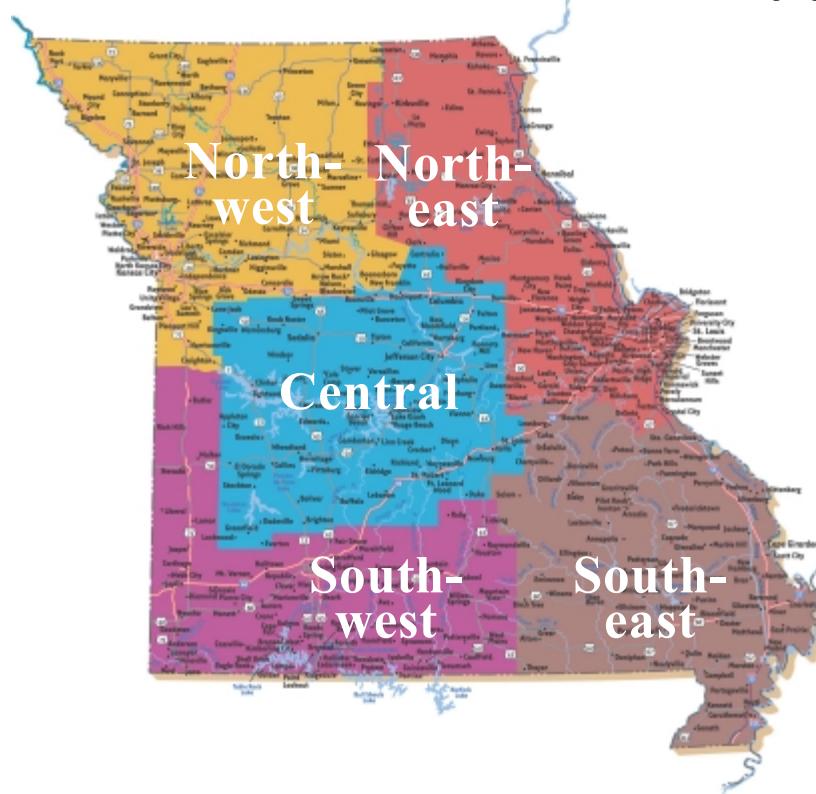


**Consuelo Washington**  
St. Louis

## Missouri's Five Vacation Regions

Research has demonstrated that the most effective means to draw prospective in-state and out-of-state travelers to the state's

varied destinations and attractions is by marketing Missouri's five distinct geographic regions.



## Designated Cooperative Marketing Program Regions

The Cooperative Marketing Program is a performance-based funding program matching local nonprofit destination marketing organizations dollar for dollar for the implementation of approved

tourism-marketing projects. A guaranteed level of funding is made available through the Missouri Division of Tourism for each of the 10 Cooperative Marketing Program regions.



1. Pony Express Region
2. Chariton Valley Region
3. Mark Twain Region
4. Kansas City Region
5. Osage Lakes Region
6. Lake of the Ozarks Region
7. St. Louis Region
8. Ozark Mountain Region
9. Ozark Heritage Region
10. River Heritage Region

## Budget History

Missouri's tourism funding formula often is held up as a model for the nation. Other states, including Colorado, Iowa, Kansas, Maryland, Minnesota, Montana, Nebraska, North Carolina and Wisconsin have adopted or are considering implementing funding plans patterned after Missouri's.

Conceived in 1993 by industry members, the formula has allowed the Division of Tourism to increasingly fund itself from growth in the industry while reducing the division's need for traditional General Revenue Fund appropriations. Since this performance-based funding mechanism went into effect on July 1, 1994, the division's budget increased from slightly more than \$6 million per year to \$16,086,259 in FY02.

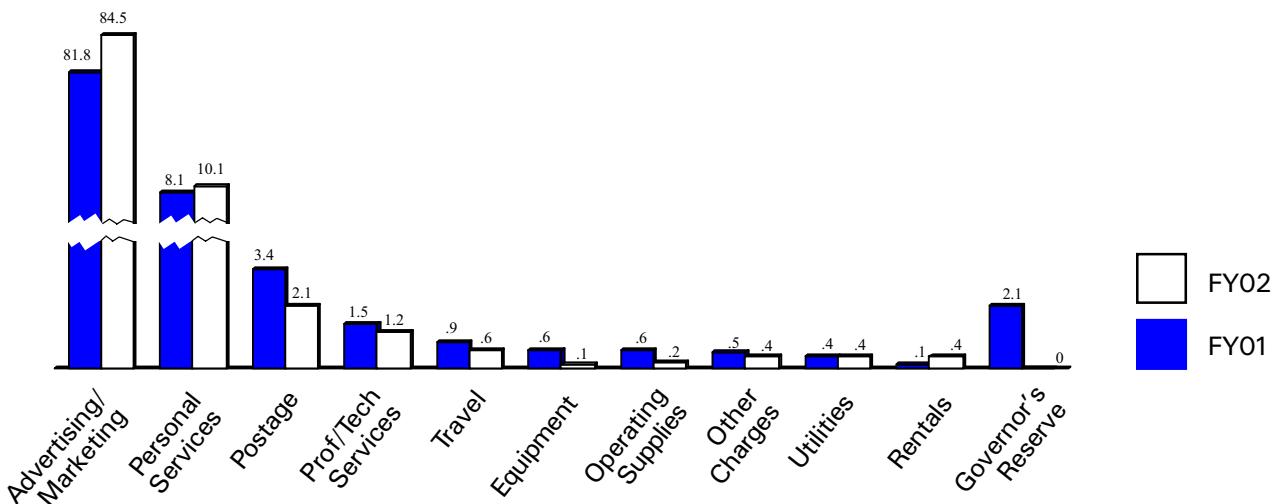
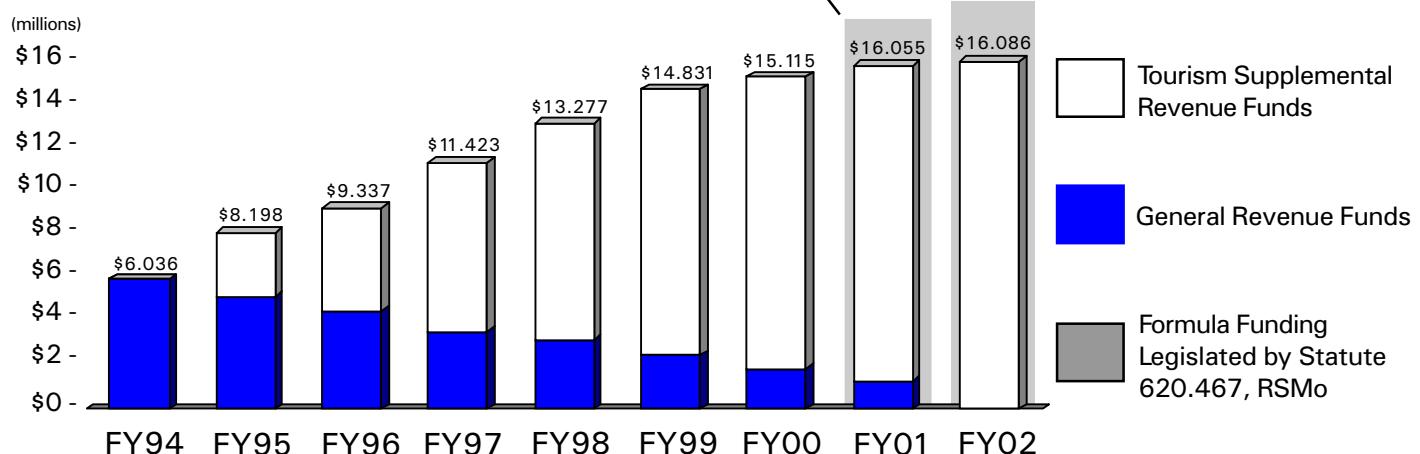
Known as the Division of Tourism Supplemental Revenue Fund (TSRF), the budget formula works by identifying sales tax revenue generated by businesses that serve travelers. A percentage of the growth in sales tax revenue from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes is used to determine the growth in the TSRF. The

formula also assumes that there will be 3 percent inflation each year. Only one-half of the growth more than the 3 percent is used to determine the funding of the TSRF. Also, the fund cannot grow by more than \$3 million in any one year.

In addition, a provision in the law requires that the original FY94 General Revenue core be systematically eliminated by FY04. These reductions have been accelerated such that the division was funded 100 percent through the TSRF in FY02, two years earlier than was mandated by law.

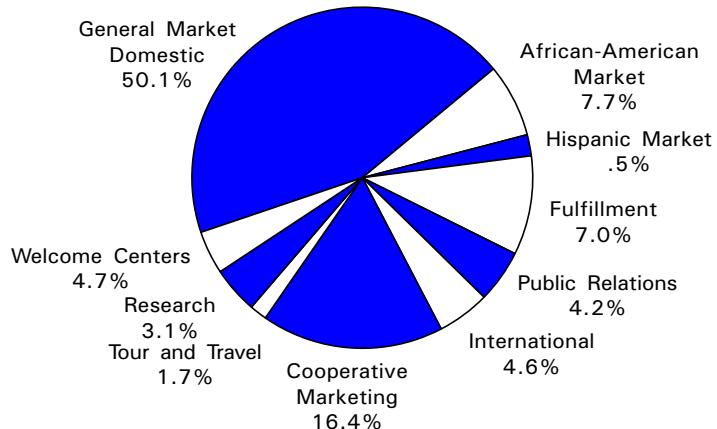
In 1998 and 2002, the General Assembly passed legislation to enhance the original state law. One of the outcomes was to extend the sunset clause to June 2010.

Increases in the TSRF appropriation allow for additional investment in tourism marketing and promotion. Through this performance-based budget, the division expanded its marketing message to new audiences while offering a matching funds program to local tourism organizations. This places Missouri in a better position to raise awareness of travel opportunities within our state and compete with neighboring states for traveler expenditures.

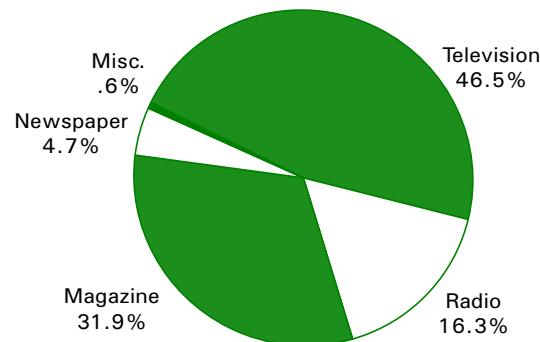


# Marketing Budget

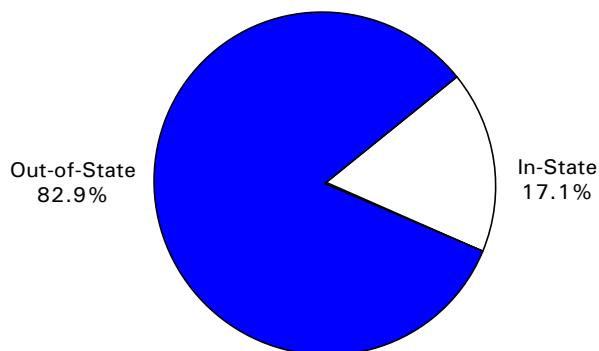
## Spending by Program



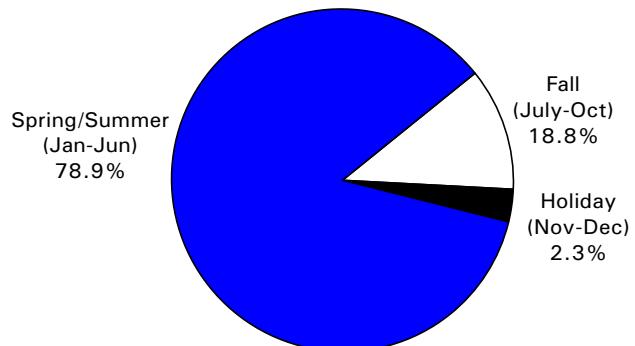
## Budget Summary by Medium



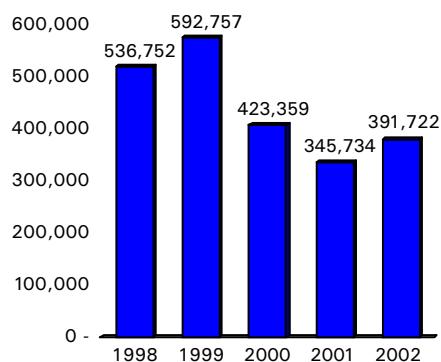
## In-State and Out-of-State Spending



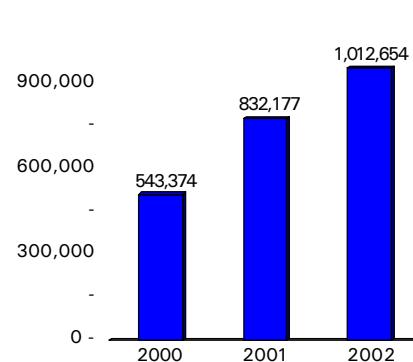
## Budget Summary by Season



## Vacation Kit Fulfillment



## Internet User Sessions



# Primary Marketing Programs' Goals

## Public Relations

- Increase awareness of Missouri among domestic audiences through editorial coverage of Missouri as a destination
- Generate a measurable increase in the number of tourists visiting the state accompanied by an increase in state tax revenues from businesses that serve travelers
- Maximize the impact of public relations on consumers

*Results: Media relations efforts generated editorial placements valued at more than \$24 million in advertising equivalency.*

## Cooperative Marketing

- Promote new and expanded tourism-marketing initiatives
- Encourage performance-based marketing strategies
- Extend community tourism marketing resources

*Results: Advertising exposures/impressions up more than 300 percent from FY01 to 1,908,483,335 in FY02.*

## Domestic Marketing

- Increase expenditures and tax revenue generated by travelers to Missouri
- Increase the length of stay by all domestic travel parties thereby increasing economic impact
- Target African-American travelers to increase visitation and expenditures
- Increase the number of Missourians employed by tourism

*Results: See chart below.*

## International Marketing

- Increase the length of stay by Canadians in order to increase expenditures
- Increase the number of Canadian and British tourists
- Increase the passenger volume of British group and packaged Foreign Independent Traveler travel

*Results: See chart below.*

## Tour and Travel Marketing

- Increase the number of domestic group trips to Missouri in order to increase tourism expenditures
- Distribute trade show leads to industry in order for them to more strategically target sales efforts

*Results: Increased the number of Group Travel leads sent to the industry from 262 to 427.*

## Outcome Measures

Fiscal Years	1996	1997	1998	1999	2000	2001	2002
<b>Total Economic Impact</b> (Billions) *	\$11.73	\$12.29	\$11.93	\$12.49	\$13.29	\$12.78	\$12.76
<b>SIC Tax Revenue</b> (Millions) **	\$270.54	\$280.42	\$292.61	\$306.48	\$316.22	\$317.02	\$323.32
<b>Domestic Person Trips</b> (Millions) *	34.3	33.2	35.0	34.4	35.2	33.8	35.6
<b>UK Index</b>	NA	NA	NA	157	1,550	3,432	1,455
<b>Tourism Employment*</b>	228,603	231,593	233,910	236,290	240,003	241,593	243,569
<b>Cooperative Marketing</b>	\$1,002,137	\$1,112,171	\$1,319,484	\$1,418,401	\$1,613,980	\$2,452,995	\$2,438,223

\*Source: Economic Impact Report – University of Missouri-Columbia; \*\*Source: Missouri Department of Revenue

## Welcome Centers

The State of Missouri operates six Welcome Centers located in rest areas along the interstate highway system at major entry points around the Missouri border: Hannibal, Joplin, Kansas City, New Madrid, Rock Port and St. Louis. These six centers distribute information about events to attend and sites to see throughout Missouri. At

each center, thousands of brochures are available that provide visitors with information about the many attractions of interest to tourists. There also are hotel registration telephone consoles, computerized weather maps and information kiosks featuring area maps and directions to destinations and attractions.

### FY02 Visitor Counts - Totals

	Domestic Visitors	Domestic Vehicles	International Visitors	Motor Coaches
<b>Hannibal</b>	67,244	29,558	439	87
<b>Joplin</b>	127,107	53,832	626	155
<b>Kansas City</b>	103,052	33,594	319	20
<b>New Madrid</b>	117,386	48,313	1,413	193
<b>Rock Port</b>	108,296	46,217	740	241
<b>St. Louis</b>	58,175	11,718	480	10
<b>FY02 Total</b>	581,260	223,232	4,017	706

**Total Visitors 610,202**

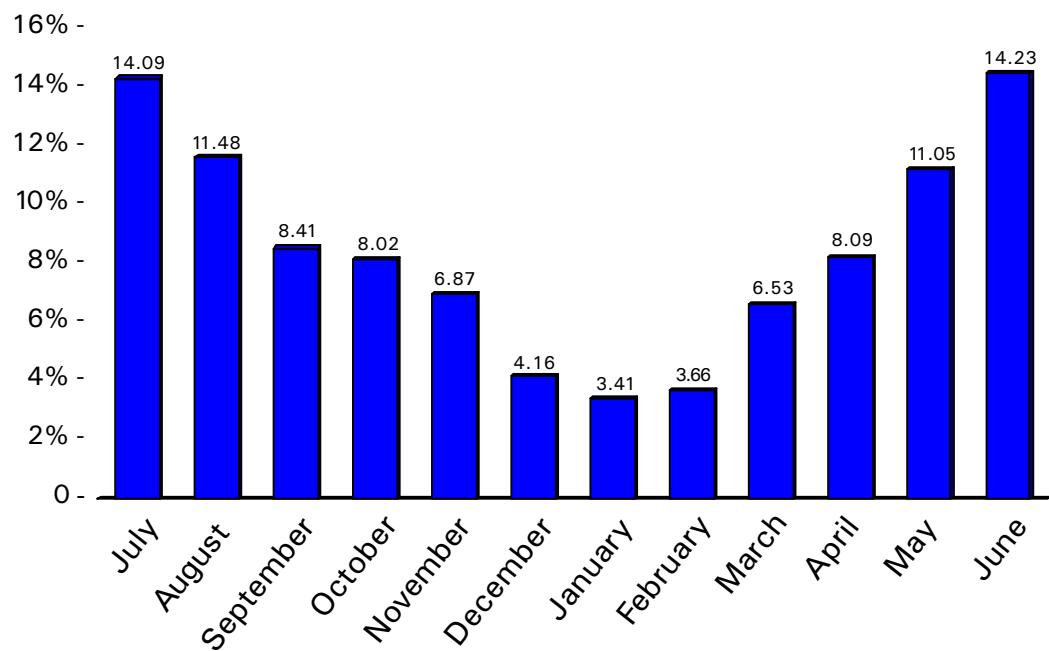
**Total Vehicles 225,637**

## Seasonality

Data collected through the Missouri Division of Tourism Welcome Centers reveals that nearly 40 percent of visitation to

the state in fiscal year 2002 took place during July and August 2001 and June 2002.

### Percentage of Visitors to Missouri by Month, FY02



## Advertising

## General Market

Hospitality Sales and Marketing Association International Gold Adrian Award Winner



# African-American Market



## International Market

Travel Industry Association of America Odyssey Award Winner



# Lewis and Clark

